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management

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Chapter

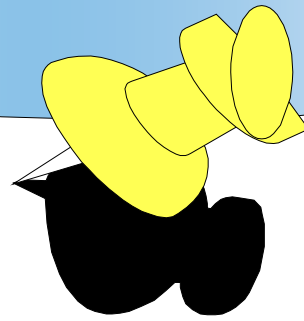
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Human Resource Management

Learning Objectives

After reading this chapter, you should be able to:

- **Determine appropriate responses to major changes in the environment affecting human resources.**
- **Comply with the legal framework governing human resources.**
- **Develop tactics to implement desired human resource strategies.**
- **Prepare a staffing program to recruit and select the best applicants.**
- **Establish orientation, training, and career development programs to enhance employees' contributions to the firm.**
- **Implement an effective performance appraisal program to capitalize on employees' strengths and reduce employees' weaknesses.**
- **Develop a reward system to attract, retain, and motivate employees.**



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Skills for Managing Human Resources

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Environment of Human Resources

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Key Federal Legislation and Regulations Affecting Human Resources

- Social Security Act (1935)
- Wagner Act (1935)
- Fair Labor Standards Act (1938)
- Taft-Hartley Act (1947)
- Landrum-Griffin Act (1959)
- Equal Pay Act (1963)
- Title VII of Civil Rights Act (1964)
- Executive Order 11246 (1965)
- Age Discrimination in Employment Act (1967)
- Wage Garnishment Act (1968)
- Occupational Safety and Health Act (1970)
- Vocational Rehabilitation Act (1973)
- Health Maintenance Organization Act (1973)
- Employee Retirement Income Security Act (1974)
- Vietnam-Era Veterans Readjustment Act (1974)
- Privacy Protection Act (1974)
- Pregnancy Discrimination Act (1978)

Key Federal Legislation and Regulations Affecting Human Resources (continued)

- Job Training Partnership Act (1982)
- Consolidated Omnibus Budget Reconciliation Act (1985)
- Immigration Reform and Control Act (1986)
- Worker Adjustment and Retraining Act (1988)
- Drug-Free Workplace Act (1988)
- Employee Polygraph Protection Act (1988)
- Americans with Disabilities Act (1990)
- Civil Rights Act (1991)
- Family and Medical Leave Act (1993)
- Health Insurance Portability and Accountability Act (1996)
- Small Business Job Protection Act (1996)
- Fair Credit Reporting Act (1970, 1996)

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Unions

- **Membership has been declining steadily (13% in 2003)**
- **Factors contributing to this decline:**
 - Strong employer challenges to unions
 - Plant closures
 - International competition
 - Shrinking manufacturing sector
- **Labor Contract: Written agreement between union and management that specifies pay schedule, fringe benefits, COLA, and the like.**



Unions (continued)

- **Union-related legislations:**

- The Wagner Act (1935) – created the NLRB
- The Taft-Hartley Act (1947) – specified a set of unfair labor practices by unions along with the remedies
- The Landrum-Griffin Act (1959) – requires each union to report its financial activities and the financial interests of its leaders to the Department of Labor

- **In the U.S., labor relations are characterized by:**

- Business unionism
- Job-based unionism
- Collective bargaining
- Voluntary contracts
- Adversarial relationships



Human Resource Management Process

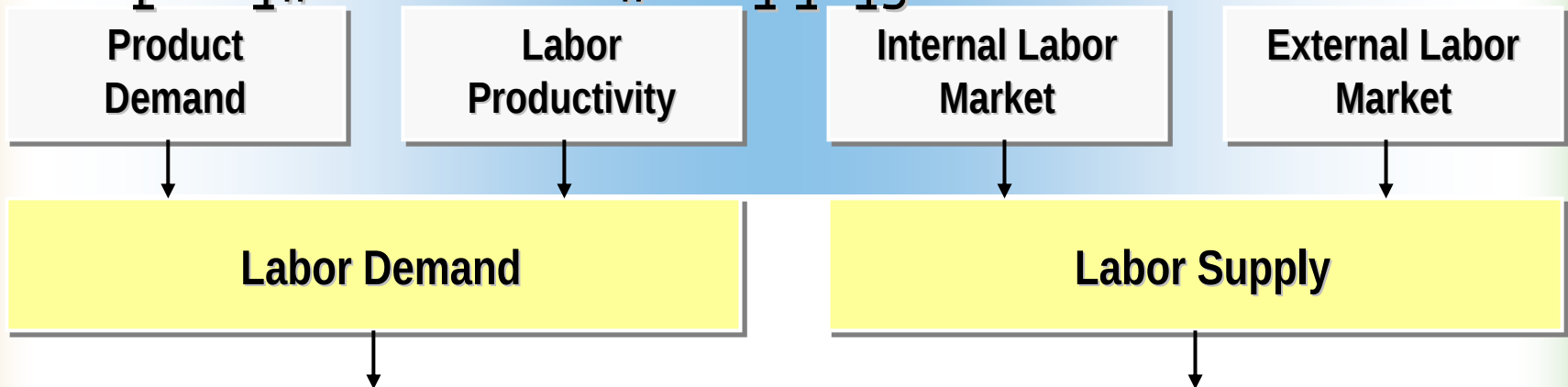


Strategic Human Resource Planning (SHRP)

- The development of a vision about where the company wants to be and how it can use human resources to get there.
- The ultimate objective of SHRP is a *sustained competitive advantage*.



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Conditions and Select Responses

1. Labor demand exceeds labor supply
 - Training or retraining
 - Succession planning
 - Promotion from within
 - Recruitment from outside
 - Subcontracting
 - Use of contingent workers
 - Use of overtime
2. Labor supply exceeds labor demand
 - Pay cuts
 - Reduced hours
 - Work sharing
 - Voluntary early retirements
 - Inducements to quit
 - Layoffs
3. Labor demand equals labor supply
 - Replacement of quits from inside or outside
 - Internal transfers and redeployment

Staffing Process

- ***Recruitment*** – the process of generating a pool of qualified candidates for a particular job.
- An ***effective recruitment*** effort should create a pool of qualified applicants.
- ***Selection*** – the screening process used to decide which of the applicants to hire.



Validity and Reliability of Selection Tools

- ***Validity*** is how well a technique used to assess candidates is related to performance on the job.
- **Validity can be demonstrated by:**
 - Content Validity
 - Empirical Validity
- ***Reliability*** is a measure of the consistency of results of the selection method.

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SELECTION TOOLS



Orientation

- **Helps new employees to:**

- Learn more about the company
- Learn what is expected of them in the job
- Reduce the initial anxiety of a transition
- Become familiar with co-workers
- Learn about work rules and personnel policies

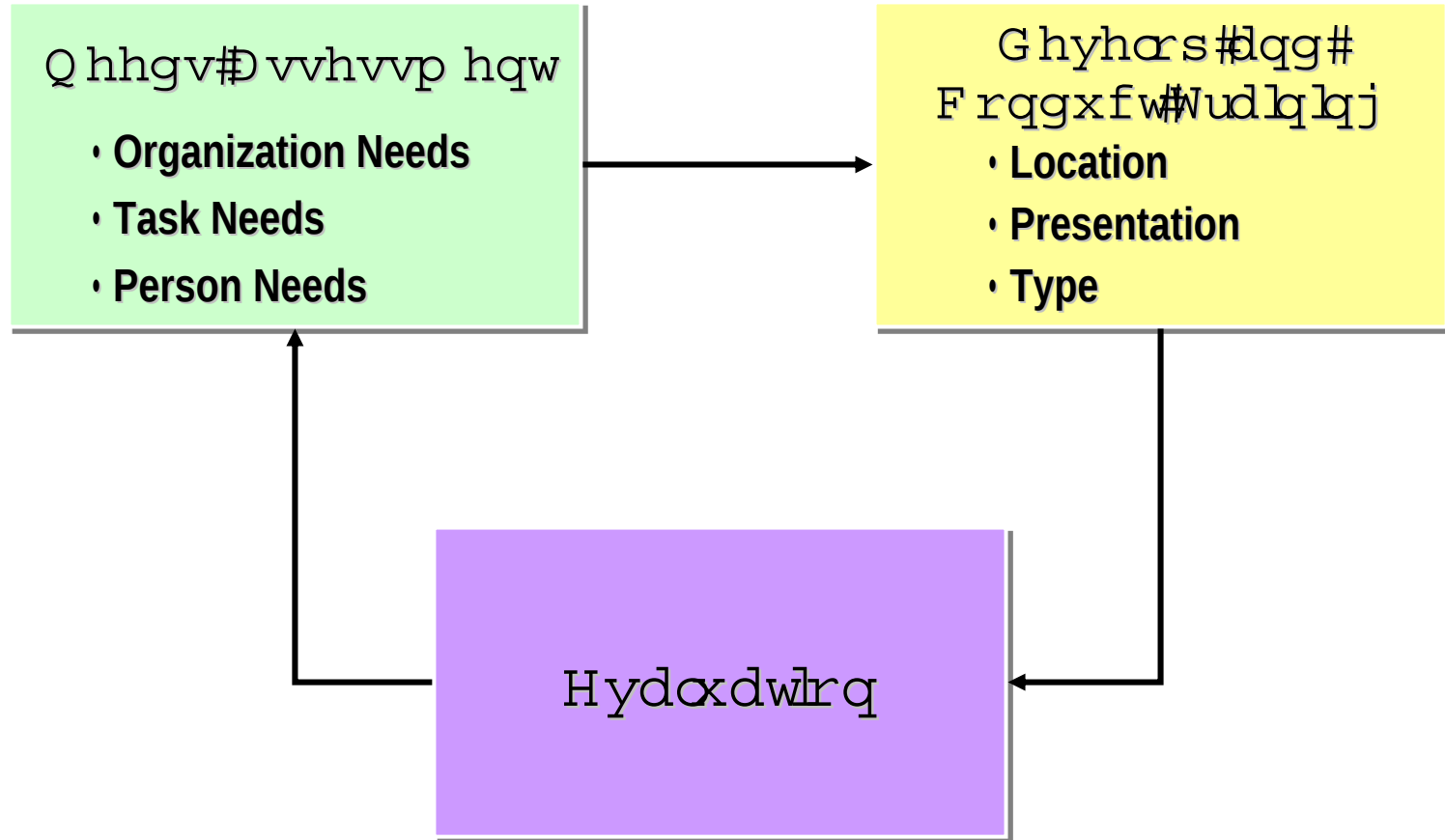


Employee Training

- ***Training*** is a planned effort to provide employees with specific skills to improve their performance.
- Effective training can also improve morale and increase an organization's potential.



The Training Process



Training Presentation Techniques

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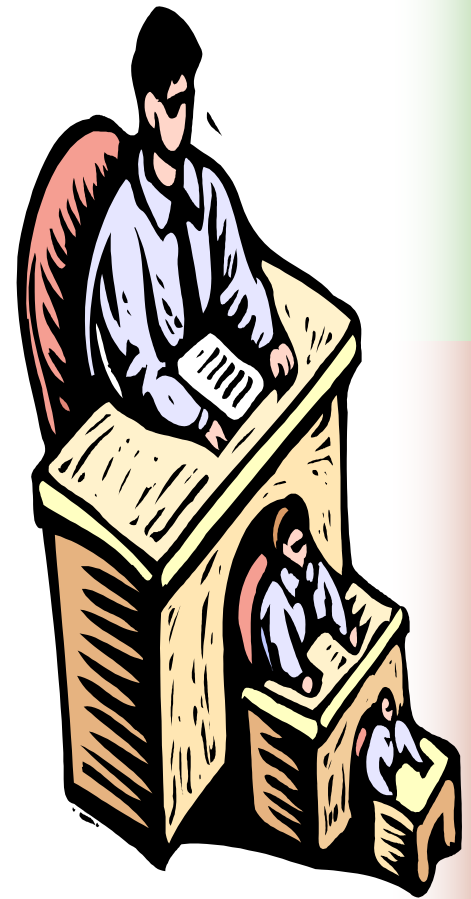
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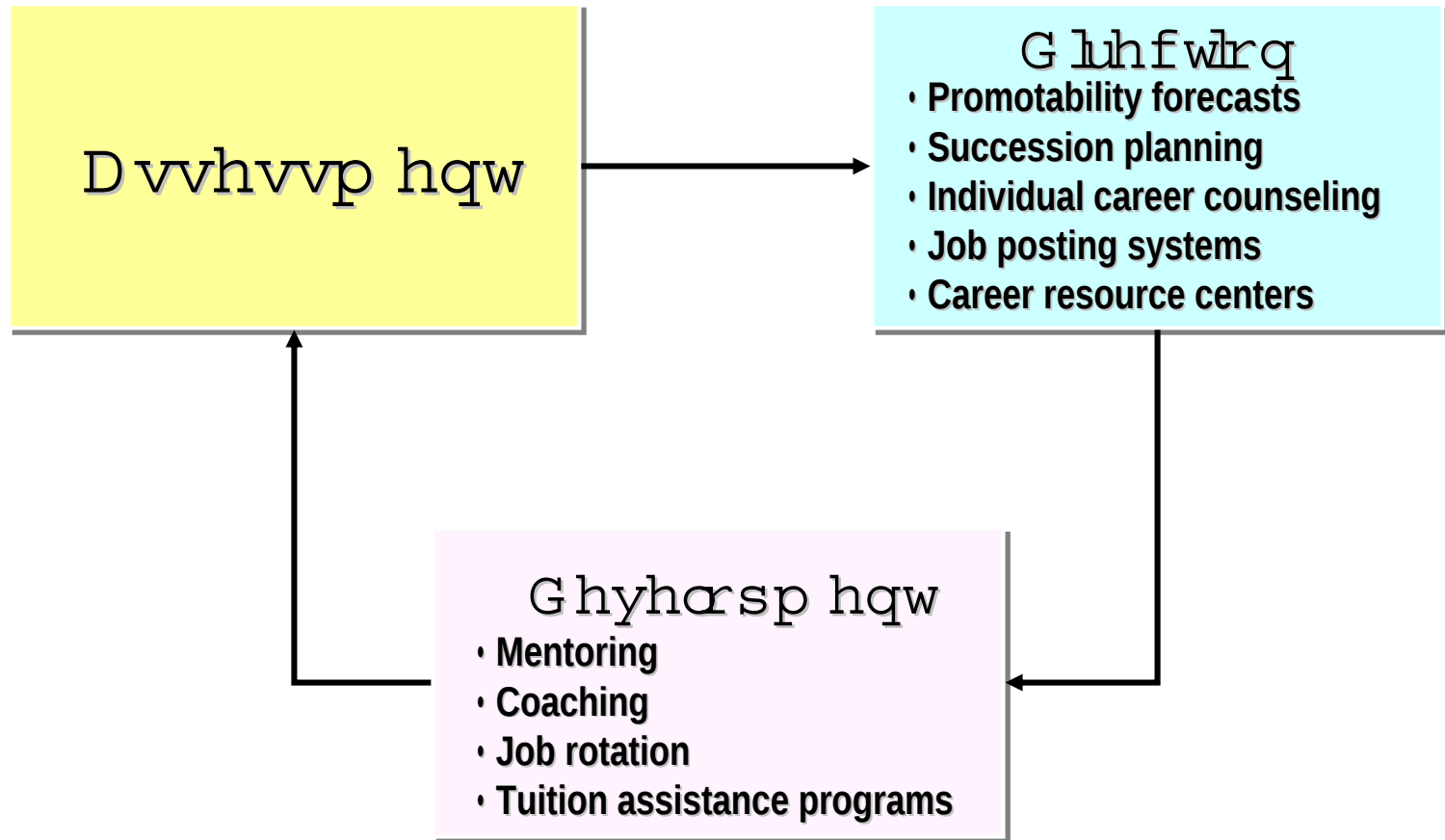
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Career Development

- Long-term effort in which the organization helps employees utilize their full potential.
- Involves three major phases:
 - Assessment
 - Direction
 - Development



The Career Development Process



Performance Appraisal



- **Performance appraisal has three important objectives:**
 - Two-way communication between supervisors and employees.
 - Constructive feedback to employees in order to capitalize on strengths and reduce weaknesses.
 - Help managers decide who should be paid more based on contribution.

Approaches to Performance Appraisal

Judgment Approaches

- Relative judgments
- Absolute judgments

Measure Approaches

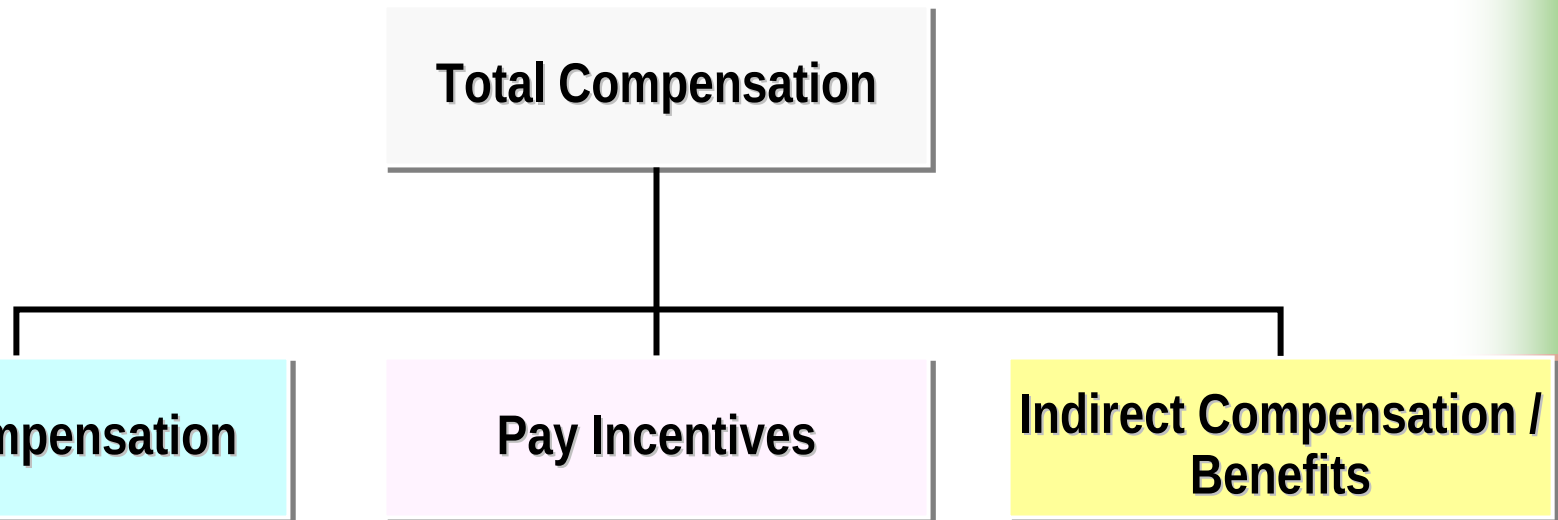
- Traits
- Behaviors
- Behavioral anchored rating scales
- Outcomes
 - MBO

Compensation

- **Employees are paid for their contributions to the company.**
- **The three key objectives of the compensation system are to:**
 - Attract high-quality workers from the labor market.
 - Retain the best employees the company already has.
 - Motivate employee performance.



Components of Total Compensation



Compensation System Should:

- **Fit the firm's strategic objectives**
- **Fit with the firm's characteristics and environment**
- **Achieve internal equity (perception of fairness)**
- **Achieve external equity**
- **Be based on employee contributions**

Applications of Management Perspectives—*For the Manager*

- **Most management problems are a result of poor human resource practices.**
- **Indicators that something is wrong with HR practices:**
 - Inability to recruit top talent
 - Loss of key employees to competitors
 - Costly lawsuits
 - Low innovation by employees afraid of taking risks or with outdated skills
 - Little concern for quality

Applications of Management Perspectives—*For Managing Teams*

- **Employees working in teams often take over HR functions that have traditionally come under the purview of supervisors.**
 - Evaluation of team members
 - Allocation of rewards
 - Staffing decisions
 - Organizing work flow of the team
- **The firm needs to provide adequate support so that teams are able to perform these HR functions.**

Applications of Management Perspectives—*For Individuals*

- **Your success depends on your ability to take advantage of the HR opportunities the firm offers.**
- **It is your responsibility to make the “right moves” to position yourself well.**
 - Use appraisal feedback constructively
 - Take courses to keep your skills current
 - Learn the key criteria for promotion and pay allocation decisions
 - Join teams that best complement your interests